



UNITED STATES PATENT AND TRADEMARK OFFICE

Commissioner for Patents
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
www.uspto.gov

STURM & FIX LLP
206 SIXTH AVENUE
SUITE 1213
DES MOINES, IA 50309-4076

MAILED
SEP 03 2010
OFFICE OF PETITIONS

Paper No. 12

In re Patent No. 6,408,979	:	
Issue Date: June 25, 2002	:	
Application No. 09/525,365	:	ON PETITION
Filed: March 15, 2000	:	
Attorney Docket No. 2-5127-013	:	

This is a decision on the petitions filed May 7, 2009 under 37 CFR 1.182 requesting expedited consideration of the petition under 37 CFR 1.378(b), filed May 7, 2009, and a second petition under 37 CFR 1.378(b) filed June 25, 2010, to accept the unavoidably delayed payment of a maintenance fee for the above-identified patent.

The petition under 37 CFR 1.182 for expedited consideration is **GRANTED**.

The petition under 37 CFR 1.378(b) is **DISMISSED**.

If reconsideration of this decision is desired, a petition for reconsideration under 37 CFR 1.378(e) must be filed within TWO (2) MONTHS from the mail date of this decision. No extension of this 2 month time limit can be granted under 37 CFR 1.136(a) or (b). Any such petition for reconsideration must be accompanied by the petition fee of \$400 as set forth in 37 CFR 1.17(f). The petition for reconsideration should include an exhaustive attempt to provide the lacking item(s) noted below, since, after a decision on the petition for reconsideration, the Commissioner will undertake no further reconsideration or review of the matter.

The patent issued June 25, 2002. The 3 ½ year maintenance fee was due June 25, 2006, and could have been paid from June 25, 2005, through December 25, 2005, or with a surcharge during the period from December 26, 2005 through June 25, 2006. Accordingly, the patent expired at midnight June 25, 2006, for failure to timely submit the first maintenance fee.

A petition to accept the delayed payment of a maintenance fee under 35 USC 41(c) and 37 CFR 1.378(b) must be accompanied by (1) an adequate showing that the delay was unavoidable, since reasonable care was taken to insure that the maintenance fee would be paid timely, (2) payment of the appropriate maintenance fee, unless previously submitted, and (3) payment of the surcharge set forth in 37 CFR 1.20(i)(1). This petition lacks item (1) above.

Petitioner asserts that docketing error was the cause of delay in acting to prevent payment of the maintenance fee(s). A delay resulting from an error (e.g., a docketing error) on the part of an employee in the performance of a clerical function may provide the basis for a showing of "unavoidable" delay, provided it is shown that: (1) the error was the cause of the delay at issue; (2) there was in place a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance; (3) and the employee was sufficiently trained and experienced with regard to the function and routine for its performance that reliance upon such employee represented the exercise of due care.

Specifically, petitioner asserts that the delay occurred due to a docketing error which resulted from a failure to follow Sturm and Fix LLP's (Sturm) billing and invoicing procedures.

An adequate showing requires statements by all persons with direct knowledge of the circumstances surrounding the delay, setting forth the facts, as they know them. Petitioner must supply a thorough explanation of the docketing and call up system in use and must identify the type of records kept and the person responsible for the maintenance of the system. This showing must include copies mail ledger, docket sheets, file wrappers and such other records as may exist which would substantiate an error in use of the firms docketing and invoicing system, and include an indication as to why the system failed in this instance to provide adequate notice that a reply was due. Petitioner must also supply information regarding the training provided to the personnel responsible for the docketing error, degree of supervision of their work, examples of other work functions carried out, and checks on the described work which were used to assure proper execution of assigned tasks.

In support of the assertion of docketing error as the cause for delay petitioner provides an explanation of the system used for the payment of maintenance fees due.

The procedures for payment of maintenance fees due include: (1) two months in advance of the maintenance fee being due send out a first letter to the patentee or assignee advising them of the due date of the maintenance fee and request their instructions for payment of the fee and attaching an "Informational Invoice" to the letter showing the amount due and providing a requested date for response to the first letter; (2) if no response is received to the first letter, sending out a second letter informing the patentee or assignee that no instructions regarding payment of the maintenance fee from the previously sent letter have been received; (3) payment from the "Informational Invoice" would create a credit that would be showing in the books of Sturm and alert Sturm that the maintenance fee payment had been made by the client but not made to the USPTO, *i.e.*, the payment would be deposited into Sturm's trust account; and (4) paying the maintenance fee to the USPTO, removing the payment from the trust account and transferring it to the regular checking account, and issuing an Invoice to the client showing payment of the maintenance fee to the USPTO.

Additionally, the declarations of Carolyn J. Campbell and Vicki J. Shepherd indicate the following:

1. The appropriate letters were sent by Carolyn J. Campbell (Campbell) to Mahle Technology (Mahle) in 2005 and 2006.
2. On January 25, 2006 at the request of Jennifer Lewis (Lewis) of Mahle, Campbell prepared and mailed an Invoice designate Invoice No. 25899 to Mahle in the amount of \$1,015 for payment of the first maintenance fee and late payment surcharge as Lewis requested an Invoice showing all fees that would be due and further informed Sturm that Mahle cannot pay from the "Informational Invoice" which was previously sent with the first letter notifying Mahle of the upcoming maintenance fee due, and that this Invoice request resulted in Sturm's billing system failing to generate a credit balance report.
3. On April 13, 2006, Sturm's Des Moines office received and deposited a check from Mahle in the amount of \$1,015 for payment of the maintenance fees due and since an Invoice had been rendered prior to receiving the maintenance fee payment, the check was deposited into the regular checking account.
4. On April 27, 2006 a second payment from Mahle in the amount of \$1.015 was received and posted to Mahle's account.
5. On April 28, 2006 it was discovered that Mahle was a large entity, Invoice No. 26502 in the amount of \$515 was prepared, after posting of the \$1,015 payment to their account it was noted that they had a credit balance of \$500 which was transferred to another account for them which also had a maintenance fee due.
6. On or about May 1, 2006 a Loss of Small Entity Status as faxed by Campbell to the USPTO.
7. That upon knowing that it takes several day for the USPTO, Maintenance Fee Division to correct and post updated information, the maintenance fee payment was not made at this time as the payment would either be entered as a small entity payment and the extra monies refunded, or the payment could have been refused; therefore, Campbell's procedure is to wait several days to make sure the USPTO has posted the updated information.
8. Upon knowing that the maintenance fee due was on the docket for June 25, 2006, Campbell thought that it was paid and did not do any follow-up on the payment.
9. On June 6, 2006, a docket indicating that the maintenance fee for the above-identified patent had not yet been paid was printed from the firm's docketing system and e-mailed to Campbell, Campbell then informed Vicki J. Shepherd (Shepherd) that the Deposit Account needed replenishing, and Shepherd then informed Campbell to pay the fee because the account would be replenished immediately.

10. Sometime after June 25, 2006, seeing the unpaid maintenance fee on the docket, either Campbell or Shepherd made an entry to the docketing system showing the case as abandoned.

Petitioner has failed to meet his burden of proof in showing to the satisfaction of the Director that the delay in payment of the maintenance fee unavoidable within the meaning of 35 USC § 41(c) and 37 CFR 1.378(b)(3).

37 CFR 1.378(b)(3) states that any petition to accept delayed payment of a maintenance fee must include:

“A showing that the delay was unavoidable since reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date, and the manner in which patentee became aware of the expiration of the patent, and the steps taken to file the petition promptly.”

As 35 USC § 41(b) requires the payment of fees at specified intervals to maintain a patent in force, rather than some response to a specific action by the Office under 35 USC § 133, a reasonably prudent person in the exercise of due care and diligence would have taken steps to ensure the timely payment of such maintenance fees. Ray v. Lehman, 55 F.3d 606, 609, 34 USPQ2d 1786, 1788 (Fed. Cir. 1995) (quoting In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988), *aff'd dub nom.* That is, an adequate showing that the delay in payment of the maintenance fee at issue was "unavoidable" within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(b)(3) requires a showing of the steps taken by the responsible party to ensure the timely payment of the maintenance fee for this patent. Id.

However, the record fails to show that adequate steps within the meaning of 37 CFR 1.378(b)(3) were taken by or on behalf of petitioner to schedule or pay the maintenance fee. Petitioner is reminded that 37 CFR 1.378(b)(3) is a validly promulgated regulation, as is the requirement therein for petitioner's showing of the steps taken to pay the fee. Ray, 55 F.3d at 609, 34 USPQ2d at 1788. In the absence of a showing of the steps taken by or on behalf of petitioner, 37 CFR 1.378(b)(3) precludes acceptance of the maintenance fee.

At the time the maintenance fee was due the showing of record is that Campbell was the person responsible for payment of the maintenance fee. Therefore, petitioner must provide information regarding the training provided to the personnel responsible for the docketing error, degree of supervision of their work, examples of other work functions carried out, and checks on the described work, which were used to assure proper execution of assigned tasks.

The record further indicates that Campbell was aware that the normal procedures for paying the maintenance fee due were not being followed. As Campbell was aware that normal procedures were not being followed, why did Campbell fail to follow-up on whether or not the maintenance fee was paid? Additionally, as Campbell was provided with a docket indicating that the

maintenance fee had not yet been paid, why was it unavoidable for Campbell to pay the maintenance fee after being informed the deposit account had been replenished? Why did Campbell fail to check whether or not the maintenance fee had been paid after having been provided the docket? Why did either Campbell or Shepherd fail to check the file to see if Mahle desired to pay the maintenance fee and after ascertaining from the file that Mahle desired to pay the maintenance fee, check whether the maintenance fee had been paid and, if the fee had not been paid, pay the maintenance fee instead of marking the case abandoned?

Petitioner argues that the preparation of an Invoice prior to receiving payment of the maintenance fee resulted in the payment being deposited into a regular checking account instead of a trust account which resulted in a failure to show a credit balance and thus failing to alert petitioner that USPTO had not yet been paid. Petitioner has not provided a statement from the person responsible for depositing of the check. Accordingly, petitioner must supply a statement the person responsible for depositing the check into either a regular or trust account along with information regarding their training and degree of supervision. How is it determined whether or not a check is posted to the trust account or the regular checking account? Since a second check was received from Mahle and was posted to an account which showed that Mahle had a credit why did this credit not provide an indication that the maintenance fee had not yet been paid? Why was a credit, which would indicate that fee had not been paid for that account, be transferred to another account that had a fee due? Who transferred the monies from one account to the other? What training on the billing system did this person have? How is the care or diligence than is generally used and observed by prudent and careful men in relation to their most important business?

Furthermore, petitioner must provide copies of the actual letters Campbell sent to Mahle regarding payment of the maintenance fee due.

As the patent holder at the time of expiration, it was incumbent on petitioner to have itself docketed this patent for payment of the maintenance fee in a reliable system as would be employed by a prudent and careful person with respect to his most important business, or to have engaged another for that purpose. See California Medical Products v. Technol Med. Prod., 921 F.Supp. 1219, 1259 (D.Del. 1995). Even where another has been relied upon to pay the maintenance fees, such asserted reliance per se does not provide a petitioner with a showing of unavoidable delay within the meaning of 37 CFR § 1.378(b) and 35 USC § 41(c). Id. Rather, such reliance merely shifts the focus of the inquiry from the petitioner to whether the obligated party acted reasonably and prudently. Id. Nevertheless, a petitioner is bound by any errors that may have been committed by the obligated party. Id.

Accordingly, petitioner must provide a statement from the responsible party at Mahle indicating: (1) the steps in place at Mahle to ensure timely payment of the maintenance fee, (2) a complete explanation of how the system worked, (3) an explanation as to why the system failed in this instance, and (4) a documented showing that Sturm were in fact obligated to track the fee on behalf of Mahle.

Even assuming *arguendo* that petitioner should not be bound by the mistakes of his representative, the record does not support a finding of unavoidable delay, as petitioner has not shown adequate diligence in this matter. That is, a showing of diligence in matters before the USPTO on the part of the party in interest is essential to support a finding of unavoidable delay herein. See Futures Technology, Ltd. v. Quigg, 684 F. Supp. 430, 431, 7 USPQ2d 1588 (E.D. Va. 1988)(applicant's diligent inquiry into the status of the application is required to show unavoidable delay); Douglas v. Manbeck, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991), *aff'd*, 975 F.2d 869, 24 USPQ2d 1318 (Fed. Cir. 1992) (even representation by counsel does not relieve the applicant from his obligation to exercise diligence before the USPTO; applicant's lack of diligence extending two and one half years overcame and superseded any omissions by his duly appointed representative); R.R. Donnelley & Sons v. Dickinson, 123 F.Supp.2d 456, 460, 57 USPQ2d 1244 (N.D. Ill. 2000)(failure of patent owner to exercise diligence for a period of seven years precluded acceptance of the maintenance fee). The delay was not unavoidable, because had patent holder exercised the due care of a reasonably prudent person upon receipt of the letter from counsel dated July 15, 1996 which lacked any mention of the above-identified patent, and which asked petitioner to whether that list accurately reflected all Sony patents that counsel was tracking, petitioner would have been able to act to correct the situation in a more timely fashion. Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987); Douglas, *supra*; Donnelley, *supra*. In other words, why was Mahle "unavoidably" prevented from ascertaining that the maintenance fee for the instant patent was not paid, and "unavoidably" prevented from taking appropriate action thereafter?

It is pointed out that in view of the inordinate delay in this case, even if petitioner can establish the existence of a clerical error(s) in this case, it would still be necessary to demonstrate why the lack of assignee diligence for a period of about two years should not be fatal to reinstatement. See Donnelley *supra*. Rather, as also noted in Douglas, *supra*, and Haines, *supra*, it would appear that petitioner's lack of diligence would overcome and supersede any delay caused by its representatives.

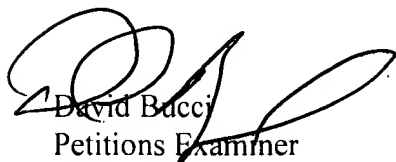
Further correspondence with respect to this matter should be addressed as follows:

By Mail: Mail Stop PETITION
 Commissioner for Patents
 Post Office Box 1450
 Alexandria, VA 22313-1450

By Hand: U. S. Patent and Trademark Office
 Customer Service Window, Mail Stop Petitions
 Randolph Building
 401 Dulany Street
 Alexandria, VA 22314

The centralized facsimile number is (571) 273-8300.

Telephone inquiries regarding this decision should be directed to April M. Wise at (571) 272-1642.



David Bucc
Petitions Examiner
Office of Petitions